

## **Department of Budget and Finance**

As the State of Hawai'i continues to see signs of a strengthening economy, the Lingle-Aiona's guiding principal in managing the state budget is to have structural balance; meaning recurring expenses are matched with recurring revenues.

Approval by the legislature of several Administration bills relating to the Employees' Retirement System will:

- Ensure continuity of the system;
- Stabilize employer contributions for pension benefits; and
- Establish a new retirement plan that will improve recruitment and retention of public sector employees while maintaining cost neutrality.

However, various spending increases approved by the House and Senate during the 2004 legislative session will have a significant negative impact on the state's General Fund Financial Plan. In order to address that imbalance, the state will need to adjust its expenditures in the coming fiscal year and beyond.

- Georgina Kawamura, Director